

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 EA-07 EUR-12 AID-05 IO-13 EB-08 IGA-02
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-----210703Z 020405 /17
P 210405Z MAR 77
FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC PRIORITY 442

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E.O. 11652: N/A
TAGS: EAID, PK, SCUL, CENTO,
SUBJ: CENTO ECONOMIC COMMITTEE MEETING - PAKISTAN MICROWAVE

1. SUMMARY: AS EXPECTED, GOVERNMENT OF PAKISTAN WAS DIS-

APPOINTED TO LEARN THAT USG COULD NOT PROVIDE \$500,000 CONTRIBUTION TO CENTO CIVILIAN MICROWAVE SYSTEM, BUT SOMEWHAT REASSURED BY USG'S WILLINGNESS TO USE THE MONEY FOR OTHER CENTO PURPOSES. PRIVATELY, GOP ADDITIONAL SECRETARY (ECONOMIC AFFAIRS) SARFRAZ KHAN MALIK EXPRESSED CONCERN THAT THIS MOVE MIGHT FUEL DOUBTS ABOUT THE USEFULNESS OF CENTO; DURING THE MEETING, HOWEVER, THE GOP LIMITED ITS STATEMENTS TO THE MINIMUM. END SUMMARY.

2. NEA/RA DIRECTOR PALMER, AID/W'S RICHTER AND EMBOFF T. SCHAFFER CALLED ON EAD ADDITIONAL SECRETARY SARFRAZ KHAN MALIK, WHO WAS TO LEAD PAKISTAN DELEGATION TO CENTO ECONOMIC COMMITTEE MEETING, ON MARCH 18 TO GO OVER THE USG'S NEGATIVE DECISION ON THE MICROWAVE SYSTEM WITH HIM IN ADVANCE. PALMER REMINDED MALIK THAT OUR OFFER (AT 1975 MINISTERIAL MEETING) HAD BEEN CONDITIONAL ON AN ACCEPTABLE FEASIBILITY STUDY AND IDENTIFICATION OF OTHER SOURCES OF
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FINANCING. HE EXPLAINED THAT OUR CAREFUL AND SEARCHING ANALYSIS OF THE FEASIBILITY STUDY PROVIDED LAST JANUARY SHOWED THAT THE ECONOMIC BASIS OF THE PROJECT WAS HIGHLY QUESTIONABLE; CONSEQUENTLY, IT WOULD NOT BE CONSONANT WITH SECTION 611 OF THE FAA FOR US TO ATTEMPT TO GO AHEAD WITH IT. HOWEVER, WE WERE VERY PLEASED TO HAVE AN ALTERNATIVE PROPOSAL TO SUGGEST TO THE GOP, ONE THAT FIT SQUARELY

WITHIN USG CRITERIA FOR GRANT ASSISTANCE AS WELL AS MEETING
A CENTO PRIORITY: THE \$500,000 WOULD BE USED TO FUND A

CENTO PROJECT IN AGRICULTURAL RESEARCH.

3. MALIK'S INITIAL REACTION WAS ONE OF KEEN DISAPPOINTMENT.
HE SAID THAT HE HAD ALREADY INSTRUCTED HIS OTHER DELEGATION
MEMBERS NOT TO PRESS US TOO HARD FOR THE ADDITIONAL FUNDS
PAKISTAN HAD HOPED TO RECEIVE, BUT IT HAD NEVER OCCURRED TO
HIM THAT THERE WOULD BE ANY QUESTION ABOUT THE \$500,000
COMMITMENT. HE WENT ON TO WONDER OUT LOUD - "PERSONALLY,"
HE SAID - WHETHER SUCH A DECISION COULD BE "POLITICALLY
CORRECT" IN VIEW OF THE FACT THAT THE MICROWAVE OFFER HAD
BEEN DISCUSSED BILATERALLY AT HIGH LEVELS BETWEEN
THE USG AND THE GOP. HE COULD IMAGINE THAT THIS DE-
CISION MIGHT BE INTERPRETED AS ONE MORE SIGNAL THAT THE
USG DID NOT REALLY TAKE CENTO SERIOUSLY. THE ROLE OF
THE NON-REGIONAL MEMBERS, HE SAID, WAS CRUCIAL TO CENTO.
THE REGIONALS, AFTER ALL, ALREADY HAD RCD, SO THAT CENTO
WAS NOT AN ESSENTIAL ORGANIZATION FOR FURTHERING REGIONAL
RELATIONSHIPS. HE SPECULATED THAT THIS USG DECISION
MIGHT EVEN FUEL DOUBTS "BY OUR LEADER" ABOUT THE USEFUL-
NESS OF CENTO.

4. THE GOP, MALIK SAID, WOULD BE GOING OVER THE MICRO-

WAVE FEASIBILITY STUDY ONCE AGAIN, TO SEE IF THERE WAS
SOME WAY THEY COULD CHANGE OUR VIEW OF THE ECONOMIC
JUSTIFICATION FOR THE PROJECT. HE RECOGNIZED THAT THE
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MAIN IMPORTANCE OF THE PROJECT FOR THE GOP WAS PROBABLY
NON-ECONOMIC, AND SUGGESTED THAT THE GOP WOULD PROBABLY
GO AHEAD WITH THE PROJECT IN ANY EVENT.

5. IN THE EVENT THE USG COULD NOT BE PERSUADED TO CHANGE
ITS MIND ON THE MICROWAVE, MALIK SAID, THE GOP WAS PLEASED
TO HEAR THAT THE USG WOULD MAKE THE \$500,000 AVAILABLE
IN THE CENTO CONTEXT FOR OTHER PURPOSES. HE HAD SOME
RESERVATIONS ABOUT THE IDEA OF AGRICULTURAL RESEARCH,
HOWEVER. THE US AND SEVERAL OTHER DONORS WERE ALREADY
HEAVILY INVOLVED IN THIS AREA IN PAKISTAN, AND TO INVOLVE
CENTO WOULD FURTHER FRAGMENT OUTSIDE DONOR RESPONSIBILITY
FOR AGRICULTURAL RESEARCH. PALMER SAID WE WOULD IN PRIN-
CIPLE BE RESPONSIVE TO OTHER PROPOSALS FOR USING THE
MONEY, PROVIDING THEY MET USG AND CENTO CRITERIA AND BEARING
IN MIND THAT IT SHOULD BENEFIT AT LEAST ONE OTHER CENTO
COUNTRY IN SOME DEGREE. IF THE GOP WAS NOT INTERESTED IN
AGRICULTURAL RESEARCH IDEAS, IT MIGHT WANT TO CONSIDER A
MAKRAN FISHERIES PROJECT. MALIK SAID THAT HE WOULD TRY

TO WORK UP SOME OTHER SUGGESTIONS. HE HOPED THE MONEY
COULD FINANCE "SOMETHING CONCRETE ON THE GROUND."

6. TREATMENT OF THE SUBJECT AT THE FORMAL MEETING SESSION
WAS MOST RESTAINED. MAGRK MADE ALLUSION TO HIS FEAR THAT
DOUBTS WOULD BE RAISED ABOUT THE USEFULNESS OF CENTO IN HIS
MARCH 19 OPENING STATEMENT, WHEN HE EXPRESSED THE VIEW THAT
CENTO WAS GOING THROUGH A PHASE OF "TEMPORARY LOSS OF FERVOR,"
WHICH HE HOPED IT WOULD OVERCOME. THIS STATEMENT DID NOT

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MENTION THE MICROWAVE SYSTEM. WHEN THE MICROWAVE SYSTEM
CAME UP UNDER AGENDA ITEM 5(1), AND DSYG(E) AND THE THREE
REGIONAL DELEGATIONS MADE VERY BRIEF STATEMENTS SUPPORTING
THE MICROWAVE PROJECT. FOLLOWING PALMER'S EXPLANATION OF
THE USG POSITION AND PROPOSAL FOR ALTERNATIVE USE OF
THE FUNDS, THE PAKISTAN DELEGATION IN A RESTRAINED STATE-
MENT EXPRESSED ITS KEEN DISAPPOINTMENT, REITERATED THE
IMPORTANCE OF THE PROJECT, SAID THAT IT WOULD TRY TO CON-
VINCE US OF THE ECONOMIC FEASIBILITY OF THE PROJECT, AND
"TOOK NOTE" OF THE ALTERNATIVE OFFER. MALIK, WHO
WAS CHAIRING THE MEETING, MADE A STATEMENT "IN HIS CAP-
ACITY AS HEAD OF THE PAKISTAN DELEGATION," ESSENTIALLY
REPEATING THE PREVIOUS ONE FROM THE PAKISTAN DELEGATION.
THE OTHER DELEGATION SAID NOTHING, AND PALMER ENDED THE
DISCUSSION BY THANKING THE PAKISTAN DELEGATION FOR THE
SPIRIT IN WHICH THEY HAD RESPONDED.

7. COMMENT: UK DELEGATE SHARES OUR VIEW THAT PAKISTANI

REACTION -- AT MALIK'S LEVEL -- WAS QUITE SUBDUED. IN
CORRIDOR DISCUSSION, PAKISTAN POST AND TELEGRAPH OFFICIAL
MADE CLEAR THERE WOULD BE SERIOUS ATTEMPT TO PERSUADE
USG TO SUPPORT MICROWAVE PROJECT.(MARCH 20 SESSION PRO-
DUCED A WRANGLE BETWEEN PAKISTAN AND US DELS, OVER
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WORDING OF REFERENCE IN DSYGKEL' PROGRAM REPORT TO OUR
MICROWAVE OFFER. ATMOSPHERICALLY, IT WAS HELPFUL THAT
AT THE END OF THAT SESSION PALMER COULD CONFIRM 1975
OFFER OF FIVE (CU-FUNDED) FELLOWSHIPS FOR CENTO REGIONALS
IN FY/78. THIS WAS WARMLY WELCOMED BY REGIONALS.
BYROAD

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